

THE ALABAMA PREPAID AFFORDABLE COLLEGE TUITION PROGRAM
MEETING OF THE BOARD OF DIRECTORS
February 8, 2017

MINUTES

Present:

Treasurer Young Boozer, Chair
Mr. Tim Vick
Mr. Marc Green for Dr. David Bronner
Mr. Sandy Hammer
Dr. John Stewart
Mr. Robert Bradley
Ms. Sarah Calhoun for Dr. Mark Heinrich
Mr. Clinton Carter
Ms. Maria Campbell
Mr. Mark Sullivan

Absent:

Gen. Paul Hankins
Mr. Jimmy Stubbs
Rep. Bill Poole
Sen. Trip Pittman
Ms. Patti Lambert

Others present include:

Ms. Daria Story, Assistant Treasurer
Ms. Glenda Allred, Deputy Treasurer
Ms. Anita Kelley, Program Director
Mr. George McCurdy, Regions
Mr. Larry Ransburgh, Regions
Ms. LeeAnn Herron, Regions

Pursuant to written and public notice, the quarterly meeting of the Board of Directors of the PACT Program was held in the Board Room of the RSA Headquarters on February 8, 2017. The meeting was called to order by Chair Young Boozer at 1:00 p.m.

Roll was taken with a quorum present.

Chair Boozer called for the election of a Vice Chairman as required by the Bylaws. A motion was made by Mr. Bradley, seconded by Dr. Stewart for the nomination of General Hankins. With no further nominations, General Hankins was unanimously elected Vice Chairman.

Chair Boozer presented the minutes of the November 10, 2016 board meeting. A motion for approval of the minutes as presented was made by Mr. Carter, seconded by Mr. Bradley, with unanimous approval.

Chair Boozer asked Ms. Anita Kelley for a program report. Ms. Kelley provided information on program activities, cancellations, plan assets, and the budget for fiscal

year 2017. She discussed fall tuition payments and stated the program paid out benefits in the amount of \$31,824,430.94 to 8730 students during that time period. Ms. Kelley said a transfer from the Education Trust Fund was received on 10/24/2016 in the amount of \$18,622,000.00. The report was received as informational.

Chair Boozer called on George McCurdy with Regions to present the quarterly investment report. Mr. McCurdy provided commentary on the economy for the fourth quarter of 2016. He stated the portfolio had earned 1.47% for the fiscal year. Mr. McCurdy also discussed quarter end balances. The report was received as informational.

Chair Boozer presented the quarterly actuarial report provided by Sherman Actuarial Services. He stated the asset value as of 12/31/2016 was \$86,650,584. Chair Boozer provided a summary of funding and compared the 09/30/2016 assets and liabilities to the 12/31/2016 numbers and noted the funded ratio was 115.8% which was a slight increase compared to the 09/30/2016 number. He also reviewed a spreadsheet of the projected cash flow through year 2032 and discussed the end of year assets for fiscal year 2022 and 2023 which also had an increase compared to the 09/30/2016 report. The report was received as informational.

Chair Boozer presented the proposed actuarial assumptions for FY17. He reviewed the assumptions and discussed proposed changes including the investment return and discount rate. A motion to approve the actuarial assumptions was made by Ms. Calhoun, seconded by Ms. Campbell, with unanimous approval.

Chair Boozer stated the contract with Sherman Actuarial Services expired on 01/31/2017 and that an RFP was issued on 11/18/2016 and distributed to 41 vendors registered with the state of Alabama to competitively bid for these services. He said that the Treasurer's office received one response to the RFP which was from Sherman Actuarial Services and reviewed the scope of services and fee structure from the proposal. Chair Boozer presented a proposed resolution to select Sherman Actuarial Services as the actuarial consultant. A motion to approve the resolution was made by Mr. Bradley, seconded by Mr. Hammer with unanimous approval.

Chair Boozer presented an update on Enable Alabama. He stated that the program will officially launch on 02/26/2017.

Chair Boozer reminded the Board to complete a Statement of Economic Interest Form by 04/30/2017.

There being no further business to be discussed, a motion for adjournment was made by Mr. Bradley, seconded by Mr. Hammer, with unanimous approval. The meeting adjourned at 1:36p.m.

Anita Kelley, Recording Secretary

Young Boozer, Chair